[President]

and enunciate their views as Heads of Governments in addition to functioning as Presidents of those Councils. That was exactly what happened in the Minto-Morley dispensation. Who can have forgotten Lord Curzon's speeches on Mr, Gokhale's Bill? Having given this topic my anxious consideration, in view to what has fallen from the honourable member, I reassert the right of the Dewan to intervene at all appropriate and correct stages for the purpose of enunciating the policy of Government and answering questions when necessary. As President, he has certain rights of maintaining order and dealing with the debate and delimiting the debate of the House. But as President, and as Dewan together, he has also the right, whenever necessary, to indicate the policy of Government and the actions that have been or are proposed to be taken. In fact, there is nobody else, excepting by delegation, who can enunciate the policy of Government. It is not open to any Head of the Department or to any Secretary independently to enunciate the policy of Government which is solely for decision by the Dewan acting under the mandate and under the *Nest* of the Sovereign, and in so far as anybody else enunciates the policy of Government, he does it as a delegated person under the instructions of the Dewan. Therefore, every statement of policy by anybody on the Treasury Bench is definitely and legally a statement made by the Dewan or the Dewan-President.

LEGISLATIVE BUSINESS.

THE TRAVANCORE CHITTIES BILL.

Clause 7

MR. K. K. CHELLAPPAN PILLAI: Sir, I was speaking in respect of Mr. P. S. Nataraja Pillai's amendment. This Section has been introduced as per the recommendations of the Chitties Act Committee of 1941, 1942. It is contemplated by this Section that the fraud that is being committed by small chitty holders of the rural parts, especially in cases when the foreman used to conduct chitties of the value of less than Rs. 100, should be prevented. This taking out of licences does not in the least mitigate the situation nor will it lessen the fraud. It will perhaps enhance the revenue of the State. But the harm it will do will be far greater than the benefit it bestows.

It is stated here in the Report that people conduct many small Chitties at a time without control and it is the object of the Section to prevent it. But on another occasion it is also said that one cannot go in for more chitties than one at a time; such are the poor foreman. It is also reported that there has been no statistics taken as to the number of chitties below the value of Rs. 100. I do not know how the sponsors of this Act then introduced such a section just to change the former Law relating to small chitties without sufficient data. Neither has any statistics been taken of the litigation that has been going on

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with regard to chitties below the value of Rs. 100. We do not know the extent of fraud that has been committed till now. On the other hand most of this small chitties are conducted and also subscribed by women, mostly from the same street and the same village. Most of them happen to be the foremen's relations. Therefore it is the rural folk and especially the women that will be affected by the stringent rule in respect of taking out licences. It will affect the ancient form of rural economy and credit where there is no such rural banking as is contemplated by the banking enquiry committees. For these reasons I support the amendment brought forward by Mr. Nataraja Pillai.

MR. C S. LEKSHMANA AIYAR: I oppose both the amendments. For one thing, so far as my experience goes, if their is no provision of the kind contained in Clause 7, it is quite possible for a person to hold a number of chitties, in each of which the chitty amount is less than Rs. 100. It will be quite possible for a foreman to conduct 4 chitties the amount in each of which is less than Rs. 100. There will be absolutely no sort of control over the whole chitty scheme of which he is in charge. I am aware of several instances both in the town as well as in the mofussil where the same foreman conducts a chitty the amount of which is Rs. 99. Such a chitty is auctioned every Monday. Its foreman will also be the foreman of a chitty which will be auctioned every Tuesday and then again of another chitty which will be auctioned every Wednesday and so on. It is to check instances of the kind that I believe Clause 7 has been recommended to be enacted as Law. For one thing, after all, Clause 7 only requires a license to be taken. One of my friends who addressed the House stated that at best it can only increase the revenues of the State, and that the taking out of a licence would not prevent any fraud. My submission is that it is stated in the Proviso thus :—"Provided however no person shall conduct such a chitty without taking a licence in such a manner and subject to such conditions as may be prescribed by our Government." It would be quite open to the Government to introduce such conditions as will prevent an abuse of the concession that would be granted even if Section 7 were enacted. As a matter of fact if as suggested in the first amendment.....

MR. K. K. CHELLAPPAN PILLAI: May I know whether.....

PRESIDENT: The honourable member has not yielded his place. If any honourable member wishes to have questions put to him in advance, he will resume his seat. If he does not, he may continue.

MR. K. K. CHELLAPPAN PILLAI: I want elucidation on one point.

PRESIDENT: No person has the right to put a question to another honourable member when he is on his legs. He can put questions to him after he has finished. If, however, by courtesy, or by mutual accommodation an honourable member resumes his seat when a question is put, that question will be allowed. If the member does not sit down, it is to be taken that he does not want to be interrupted in the middle of his speech and therefore he does not "yield his place" in the technical terminology.

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MR. C. S. LEKSHMANA AIYAR: As a matter of fact I oppose the first amendment for this reason. If it is a question of deleting the clause itself, then it would mean that all the incidents under Section 6, Section 9 etc., would attach itself to the chitty even where the chitty amount is Rs. 100 or less. But that would be really going too far. In regard to the chitties the amount of which or the value of which is less than Rs. 100, it is but proper that such chitties are allowed to be conducted under conditions which are not as stringent as in regard to chitties where larger amounts are involved. Therefore I am of the opinion that Section 7 is really a compromise between the two extremes, namely, that when large amounts are involved, there must be registration, there must be the maintenance of a minute book, there must be the returns to be submitted to the Registration Director. But all these formalities may be dispensed with in regard to chitties where the amounts involved are not quite so high. I therefore oppose both the amendments and support the passing of this clause as it stands.

MR. S. SANKARANARAYANAN TAMPI: I support the amendment moved by Mr. P. S. Nataraja Pillai. Clause 7 in the Chitties Bill is intended to operate as a saving clause for chitties where the amount is less than Rs. 100.

The provisions regarding security, the provisions regarding the deposit of security amounts, the prize-money in an approved bank, provisions regarding the keeping of accounts, and also the recording of minutes etc., have been completely exempted from Chitties so far as Chitties with a capital of less than Rs. 100 are concerned, by Section 7.' But there comes the provision regarding the taking out of a licence. How does that meet the position. As long as there is the other liability of the foreman which is said to be exempted, the object of the proviso seems to be nothing more than to secure a large amount by way of revenue to the State by taxing the petty chitty concerns and the petty economic concerns in the country parts. Though many honourable members here characterized the chitties as a sort of indegenous banking and also as a co-operative and economic concern, yet, my humble view is that—the jurisdic conception of the aspect is also similar to mine—a chitty is-a combination of several economic enterprises combined in one. It has some of the incidents of indigenous banking ; it has some of the incidents of co-operation ; it has some of the incidents of a contract with duties, obligations and liabilities. It has also some of the elements of banking. Let me also say that it contains in itself some elements of a trust—an implied trust where a foreman on the one hand and the subscribers on the other hand occupy the position of a trustee and the beneficiaries respectively. The beneficiaries are the subscribers themselves. The trustee is the foreman. The trust becomes diminished each time the chitty is prized. As each subscriber to the chitty gets a prize that means that the beneficiaries in the trust become one less than previously. Then the rest of the subscribers become the beneficiaries.

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So far as it is an instance of a contract, the foreman on the one hand and the subscribers on the other hand are the contracting parties. A prized subscriber undertakes in the contract to pay the future subscription to the foreman, the foreman, on the other hand contracts when a member joins the chitty that he who bids the lowest will be paid within a stipulated time. The legal relation is that of two contracting parties. There is an offer and the acceptance. That also is combined with what are called chitty transactions. If all the other legal consequences, legal liabilities and legal duties could be dispensed with in the case of a chitty with a prize amount of less than Rs.100. I ask how is the position going to change if a licence is issued to the chitties. What is the object of that proviso. I fail to see any object that is going to be served by that proviso, except it be to think a large amount of Revenue to the State by taxing the small economic enterprisers in the country. And for a country like Travancore where the majority, 75 per cent. of the people live in rural areas, I submit that it will be working a very severe hardship, it will be dealing a severe blow upon the women, as observed by some of the honourable members exist by conducting such small chitties. It will be working havoc on the economic relations. Moreover, if I may be allowed to say so, the sphere of the activities of the Chitties is very limited. A chitty is started by one woman and the sphere of the activity of that foreman or forewoman would be at most confined to one square mile. The apprehended danger that may come about by relaxing the provision, is, as observed by some honourable members that several foremen may make it a method to evade statutory enactment and thus frustrate the object of Government in making the registration compulsory. Does the issue of a licence prevent them from frustrating the object of Government in making the registration compulsory. Suppose one foreman were to take more than one licence. The honourable member Mr. Lekshmana Aiyar was referring to the Section regarding the power of Government to issue rules. But they are only rules. As long as there is nothing in the statutory book to prevent any foreman to take more than one licence. I say the provision is rather unnecessary, and intended simply to work havoc upon the small chitty enterprisers in the country.

Then again taking into consideration the question of convenience it may work out injustice, if it is enforced, all because some people may try to evade the law. Let us take it like that. But in these matters what is to be taken into consideration is the balance of convenience. The structure of society and economic relations between human beings being what they are at present, no legislative measure can be enacted so as to suit the convenience of all sections and classes of people. It is impossible in a society where this sort of economic relations and economic dependence exist. Therefore what the legislatures and legislators have to take into consideration is whether it works out injustice to the majority or to the minority if it works out injustice to the majority it must be deleted. That is why I strongly supported the taking out of the proviso from clause 7 and also appealed to the honourable fellow members to support my views.

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Mr. C. S. Lekshmana Aiyar stood up.

PRESIDENT: You cannot speak again.

MR. C. S. LEKSHMANA AIYAR: I just wanted to answer to an observation just now made.

PRESIDENT: No.

MR. V. SRIDHARAN PILLAI: Even though I do endorse the reasons in support of the proviso to Clause 7, I support the amendment of Mr. P. S. Nataraja Pillai to do away with the clause and also sub clause 2. Section 7 without any sub clause will be sufficient to meet the requirement of society to see that foremen do not defraud innocent people. The object of this piece of legislation is mainly for the purpose of protecting innocent persons from being defrauded by the so called enlightened people who exploit poor people. By exempting from the operation of the Act, chitties of a capital less than 100 rupees it does not affect society in any way. Even in the original Chitties Act there is no compulsion that a chitty with a capital of Rs. 100 and less should be registered. Our experience teaches us that no fraud is committed by persons who conduct chitties with a capital of less than Rs. 100. In addition to that the chitty transaction cannot in any way be analogous to a trust or anything, but at the same time it is more based on contract. And a Chitty of a capital of less than Rs. 100, though based on the same lines as bigger chitties is too small to come within the purview of any legislation. If rules for the issue taking of licenses are made by Government in continuation of this Clause, it will be placing impediments and restrictions on Chitties being conducted by very poor people in villages. My humble opinion is that such restrictions should be placed upon the people by legislation. Even in crimes, the recognised law is that very small matters, trivial matters, matters which any man of ordinary prudence will take notice of, need not be legislated upon. My view is that chitties of a capital of less than Rs. 100 are very small matters and experience has also shown that it is not likely that fraud is committed in the conduct of such chitties.

I cannot endorse the view taken by Mr. C. S. Lekshmana Iyer that many chitties may be conducted by the same foreman, because a chitty of Rs. 100 will be divided into several tickets each worth not more than 5 or 6 Rupees. The profits which the foreman will get out of these chitties is very little. Moreover big people are not going to join them. Usually the members of such small chitties will be closely associated, mostly they will be relations of the foreman himself. The report also goes to show that these chitties are usually conducted by women along with their other domestic matters and the members are usually those persons who are living close by. Therefore to place restrictions of such enterprises is really placing difficulties on them. As a matter of fact a man conducting a chitty with a capital of less than Rs. 100 say at Trivandrum does not expect subscribers from outside the chitty or even outside his own street. With these words I support the amendment of Mr. P. S. Nataraja Pillai.

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MR. M. K. NILAKANTAN: I oppose the amendments suggested by Mr. P. S. Nataraja Pillai for more than one reasons. In country parts in every Kara there are these chitties with a capital of less than Rs. 100. I have come across instances in which people of a certain locality are influenced by a certain man to join a chitty. At the time of joining the chitty the foreman would not have drafted the rules. After two or three drawings have been conducted, he of his own accord drafts certain rules. So that when these subscribers come to court the rules will be different from what they expected. At the time when the chitty was started there was one understanding which is set away later on by the foreman. This anomaly creates troubles everywhere. So my suggestion is that the amendment proposed by Mr. Nataraja Pillai is not very important. I therefore oppose it.

MR. JOSEPH VITHAYATHIL: Sir, I oppose both the amendments. The first amendment is to the effect that all chitties whatever the capital may be, must be brought within the purview of the Act, that is to say all chitties irrespective of the capital should be compulsorily registered. The object of the second amendment is to exempt small chitties altogether from the operation of the Act. These questions have been considered by the Banking Enquiry Committee. They made a detailed and thorough enquiry into the working of the Old Chitties Act and they were of opinion that numerous foremen were trying to evade the provisions of the Chitties Act by starting a good number of small chitties with a capital of less than Rs. 100. They were of opinion that foremen were trying to evade the law by starting numerous small chitties. According to them a lot of fraud is being committed in this manner. Therefore they suggested that all chitties whatever the capital may be, should be brought within the purview of the Act. According to the recommendations of this Committee, the Legal Remembrancer drafted a bill and that bill is appended to this report of the Chitties Committee (See p. 16). He has also written a note on the bill. The note of the Legal Remembrancer is published at page 19 of the present report. The Banking Enquiry Committee also suggested that the Government might be empowered to exempt small chitties from the operation of certain provisions of the Act. On the basis of that Report, the Legal Remembrancer suggested that certain provisions of the Act, particularly those relating to the furnishing of security and the filing of returns, might not be made applicable to such chitties.

When the Chitties Committee was appointed by the Government this was a matter which engaged their anxious consideration. This was one of the questions included in the questionnaire issued by them. The analysis of the answers to the questionnaire relating to this matter will be seen at pages 37 & 38 of the Report. Many persons were of opinion that all the chitties, whatever the capital may be, should be brought under the purview of the Act while some were of

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[Mr. Joseph Vithayathil.]

opinion that such an amendment was not necessary. With regard to the question of taking out licences the majority of the persons who gave answers on the question were in favour of such a provision.

MR. K. K. CHELLAPPAN PILLAI: May I know how the taking of licences will prevent them from just subjecting a list of subscribers?

MR. JOSEPH VITHAYATHIL: I shall answer the question after referring to the circumstances that led to the recommendation of the Committee. I was referring to the history of the amendment proposed by the Committee.

Thus it will be seen that it is after anxiously considering all the aspects of the question that the committee came to this conclusion, namely, that it would be necessary to have some sort of check and control over small chitties also. There are two reasons. The first is that many foremen are trying to evade the provisions of the Act by starting a number of small chitties. In certain cases a large amount of fraud also is being practised. There may even be no record to show that a chitty is being conducted or to prove who the subscribers are. When suits are instituted for chitty money the foreman would often say that so and so is not a subscriber. It is therefore necessary to have some sort of check over these practices, especially, as is admitted, such practices are widely prevalent in rural parts. But it was thought inadvisable to make certain provisions of the Act applicable to these small chitties while exempting them from the other provisions. In fact most of the provisions of the Act are interdependant. Therefore it was thought inadvisable to make certain provisions applicable and certain others not applicable to small chitties.

The question whether they should be entirely exempted from the Act was also considered by the committee. We thought it inadvisable to do so. Now the question arose whether issuing of licences would improve the situation. So far as the clause goes no chitty of the value of less than Rs. 100 can be conducted without a license and the Government is empowered to prescribe the conditions subject to which a license may be issued. Those conditions will have to be enunciated in the rules to be framed by the Government under the Act. It was said that there is nothing in the Act to indicate what the conditions will be. The Rules passed under the Act will have the force of the Act itself. It is only after the working of the Act that we can say what conditions will be sufficient and what conditions will be unnecessary. This is a matter which will have to be considered at the time of the framing of the rules. The statute gives Government power to frame necessary rules for the working of the Act. The only condition is that the rules should not be inconsistent with the provisions of the Act. Therefore I do not think that there is any harm in empowering the Government to prescribe the conditions relating to the issuing of licenses. If the conditions are found to work hardship they may have to be realised. If they are found to be not sufficient fresh conditions will have to be prescribed. If necessary the Legislature can interfere in the matter. The question will have to be considered in the

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light of the experience we gain from the working of the Act. The necessity to take up a license will enable the general public to know whether a chitty is being conducted at all. As things stand at present there is nothing to compel the foreman of a small chitty to keep any record relating to the conduct of the chitty. One of the conditions of the licenses can be that the foreman should keep a list of the subscribers. Another condition may be that in the application for the license the capital of the chitty and the instalments should be mentioned. While not imposing unnecessary hardship on the foreman he can be compelled to keep such records as are absolutely necessary for ensuring proper conduct of the chitty, Again, suppose a man starts 4 or 5 chitties of the value of less than Rs. 100 each. Then the licensing authority can refuse to issue licenses to him. Thus a foreman can be prevented from evading the provisions of the Act by conducting numerous small chitties. While framing rules relating to the granting of licenses, similar conditions which are absolutely necessary for the proper working of the Act can be imposed by Government.

It was said by an honourable member that the object of requiring licenses for conducting small chitties is primarily one of revenue. I may inform the House that the Select Committee considered this aspect of the matter. They wanted to make it clear that no big amount should be realised by way of license fees. Therefore in drafting clause 64, a stipulation is made to the effect that the maximum fee to be levied by Government as license fee shall be one rupee. It is for the House to consider whether the maximum fees fixed needs revision. The committee thought it advisable to fix the maximum license fee in the Act itself rather than leave it to Government for decision. The object of this provision is certainly not one of revenue but the need to have a sort of control over small chitties which are conducted in large numbers in various parts of the State. In fact the provision relating to small chitties embodied in the bill was the result of a compromise between two opposing views. One view is that all chitties should be brought under the provision of the Act for the purpose of control. The other view is that they should be altogether exempted from the operation of the Act. I should think that the decision taken by the committee is quite reasonable. For these reasons I strongly oppose both the amendments.

MR. PULIYOOR T. P. VELAYUDHAN PILLAI: May I know whether it is the idea under the rule making powers, to invest the Registrar to enquire into complaints regarding misbehaviour on the part of the foreman during the conduct of chitties.

MR. JOSEPH VITHAYATHIL: That is a matter for Government to look into. The general idea is that there should be as little interference as possible by the Registrar.

MR. PULIYOOR T. P. VELAYUDHAN PILLAI: But chitties of lower value are conducted in village parts with the same conditions. Should they be brought under control?

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MR. JOSEPH VITHAYTHIL: Such chitties should be brought under control by means of the provision relating to licenses.

MR. A. P. UDAYABHANU: In supporting the amendment of Mr. Nataraja Pillai, I will try to elucidate one or two points. Chitties with a capital of less than Rs. 100 are conducted by the poor village folk. It serves as a small saving scheme in those areas. To me it appears to be a desirable thing among the poor. These people cannot go to banks or other institutions and deposit big amounts. They can scrape up only small amounts, say a rupee or two. The introduction of license to this category of chitties will work hardship. It will prove a death knell for the poorman's saving scheme. These chitties will slip from the hands of the village folk into the hands of the regular businessman—Thus we will be playing into the hands of the profiteer and the money maker.

More over the introduction of license can neither effectively prevent fraud nor can it prevent the same man from conducting more than one chitty. For these reasons I have to suggest the dropping of licenses.

MR. PULIYOOR T. P. VELAYUDHAN PILLAI: What is the difficulty in obtaining licenses by the poor village folk?

MR. A. P. UDAYABHANU: We know what the difficulties are in getting even documents registered in the Sub-registry office.

MR. N. RAMAKRISHNA PILLAI: Sir, there are now two questions before the House. One is whether clause 7 should be wholly omitted and the other is whether proviso to clause 7 should be omitted. With regard to main clause 7, I believe there is very little difference of opinion in this House as to the undesirability of omitting it, because, automatically, if clause 7 is omitted, all the other provisions of the Act will become applicable to chitties of the value of Rs. 100 and below. There are several chitties below the value of Rs. 100 over which it is undesirable to apply the main provisions of the bill.

With regard to this question it has been pointed out very clearly by Mr. Vithayathil who was one of the members of the Select Committee which considered this bill that there was a difference of opinion as to whether in the case of chitties below Rs. 100 all the provisions of the Act should be made applicable or whether license alone should be required. Both these views were put forward in the committee. The committee decided that there should be the requirement of license for the starting of the chitties below Rs. 100. In the first place, there was scope for evasion of the statute if no such provision was made. As honourable members are aware these small chitties are conducted mostly by women and by illiterate people and they keep no records. Under the old Section 50 of the Act, these chitties were exempted from the operation of the Act. Almost all the subscribers of such chitties will be the foreman's own relations. There was no legal obligation on their part to keep any record and it was not therefore possible for people to know whether chitties were being conducted at all. Just to avoid all these difficulties, provision for license is desirable.

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Further it is not possible to take statistics in regard to these small chitties. In most cases it is not even possible to know where exactly chitties are being conducted. That is one reason why the committee insisted upon license being taken.

MR. K. K. CHELLAPPAN PILLAI: Will it not work hardship on the poor village folk?

MR. N. RAMAKRISHNA PILLAI: Speaking for myself I once entertained the view that such a restriction would work real hardship. But considering all the aspects of the question, the lesser of the evils will be to insist on taking out licenses for the conduct of such chitties.

MR. K. K. CHELLAPPAN PILLAI: Is there not real difficulty for securing licenses?

MR. N. RAMAKRISHNA PILLAI: Rules will be so framed as to make it very easy for parties to get licenses by application from their own dwelling places. It is not also advisable to fix any higher sum than a rupee for getting such a license.

The House adjourned at 2 P. M. and re-assembled at 3 P. M. with the Dewan President in the Chair.

NEW MEMBER.

Mr. K. Madhava Kurup, Director of Registration and Inspector General of Joint Stock Companies took the oath and signed the Rolls.

MR. N. RAMAKRISHNA PILLAI: Sir, I have been submitting that there are various ways of evading the statute on the one hand and that on the other hand there was the hardship for foremen of small chitties such as women and illiterate people to start small chitties. We have to find out a means of reconciling these divergent considerations. That was exactly the task to which the Committee committed itself. It had the advantage of reading all the literature relating to the subject and all the evidence they had collected. They had also the advantage of getting answers to the questionnaire sent out by them. Very anxious consideration seems to have been bestowed upon the question by the Committee. It is for honourable members to consider whether on such a question when there has been a compromise, when a view has been taken by the Committee on a consierdation of all those circumstances, when all the circumstances and evidences relating to both the view points have been dealt with by the committee and a conclusion arrived at, it will be right on the part of this House to take a different view, and to delete the proviso to this clause. In these circumstances, I submit that the better thing to do is to leave the matter as it is.

With regard to the provision for getting licenses the utmost facilities will be given to the foremen to get licenses as soon as applications are made therefor. For instance, in making rules it may be provided that applications need be sent by a registered Post or Anchal or something like that. In the case of the fee, it is the maximum that is provided for in the Section and it is only one rupee. Even that may

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[M. N. Ramakrishna Pillai.]

be reduced. There is absolutely no idea of getting any revenue by imposing such a restriction. There will be no use of making all these elaborate provisions with regard to the conduct of chitties if means of evasion are not blocked. If loop holes to evade exist, the object of the Bill will be defeated. Therefore I submit that the view of the committee ought to be allowed to prevail.

MR. K. MADHAVA KURUP: Sir, I too oppose both the amendments that have been moved. The deletion of clause 7 would mean that all the value of which is below Rs. 100 can be started without licence. That will be going too far. The proviso says that chitties below 100 rupees value will be exempted. The deletion of the proviso will mean that there will be the control over smaller chitties. Chitties legislation commenced from 1094. It has been a process of gradual interference with the liberty of the chitty foreman. Till now, chitties up to the value of Rs. 100 have not been affected. The present proposal is to apply the provisions of the law to chitties that are below Rs. 100 also and to exercise some control over them by introducing a licence. Mention was made here that there were no statistics of such chitties to see how far the evil has spread. It was said that such chitties were conducted by women in rural areas. Such chitties are conducted both in urban and rural areas. There are many such chitties, particularly in South Travancore, conducted by women. If this provision would not serve any other purpose, it would at least enable us to get a correct statistics of such chitties. When a person starts a chitty, he collects money from his neighbours and friends and keeps it more or less as a trust money. It is open to Government and certainly necessary that legislation should be enacted to prevent the foremen misusing funds left with him in trust. It is only a very restricted and limited control that is now sought to be introduced. The taking of a liscence is intended to enable us to know who conducts the chitties and who are the subscribers. It will also prevent one foreman conducting more than one chitty.

It was said that the object of legislation was to secure a lot of revenue to the Government by way of licence fee. The maximum that can be levied by way of fee for a licence is only Re. 1. So it can be seen that the object of the legislation is not to get revenue. So, I would request the House to pass the clause as it is.

MR. P. S. NATARAJA PILLAI: So far as I was able to follow the discussion, the only serious objection that is levelled is that it gives opportunities for unscrupulous people to commit fraud by starting more than one chitty. That seems to be the main ground by which my amendment is being opposed. It is more or less conceded that chitties of Rs. 100 or less afford a means for the rural population to relieve themselves from their financial difficulties. That position is conceded. But the other serious objection taken is that it would afford opportunities for unscrupulous people to commit fraud and violate the Act by starting more than one chitty and thereby avoid the provisions

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of the law as such. I concede that there is a serious difficulty like that. But in view of the other difficulty or injustice—I view it injustice—we have to allow these Chitties. Because it is in real case of difficulty that people in rural parts, where banks do not exist and have to go to money lenders, that they join together and start these small chitties to meet their immediate financial difficulties. Generally, such honest people will not commit fraud. There is the findings of the Committee that such people conduct their chitties properly. There is a passage like that in the report. Poor people in rural parts will conduct chitties on their personal credit and those chitties will be of use to them. But if you legislate against them, quite a large number of them will be inevitably driven to the mercy of the unscrupulous money-lenders who will eat upon the poor people. To avoid atleast that evil we must give opportunity for the poor people to carry on these chitties so that their immediate difficulties may be overcome.

So far as the other point is concerned, I concede it as a serious one. I would only request the member in charge of the Bill to frame some set of rules to avoid people starting more than one such chitty. If some provision like that is devised and placed before the House by the member in charge, I think it will have the unanimous support. This being a Government Bill, he has a right to do it. With these words I press my amendment.

PRESIDENT: The question before the House is the amendment of Mr. K. G. Kesavan Nair which is as follows :—

"Delete the whole of clause 7 and re-number the following sections accordingly."

The amendment was put to vote and lost.

PRESIDENT: The next amendment is that of Mr. P. S. Nataraja Pillai.

"Delete clause 7 and re-number clauses 8 to 73 as 7 to 72."

The amendment was put to vote and lost.

The question that clause 7 stands part of the Bill was put and carried.

The clause was added to the Bill.

Clause 8.

The question that clause 8 forms part of the Bill was put and carried.

The clause was added to the Bill.

Clause 9.

The question that clause 9 forms part of the Bill was put and carried.

The clause was added to the Bill.

Clauses 10 to 12.

The question that clauses 10 to 12 form part of the Bill was put and carried.

The clauses were added to the Bill.

Clauses 13 and 14.

The question that clauses 13 and 14 form part of the Bill was put and carried.

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[President.]

The clauses were added to the Bill.

Clause 15.

The question that clause 15 forms part of the Bill was put and carried.

The clause was added to the Bill.

Clause 16.

The question that clause 16 forms part of the Bill was put and carried.

The clause was added to the Bill.

Clause 17.

MR. P. S. NATARAJA PILLAI: I move for the deletion of sub clause (1) of clause 17 and for the substitution of the following:—

"Unless otherwise provided for in the variola and the provision is specifically assented to in writing by or on behalf of all the subscribers, every foreman shall, before the first drawing of the chitty, execute a bond in favour of or in trust for the other subscribers charging by way of security property or cash sufficient for the realisation of twice the chitty amount:

Provided, however, that, if the property charged by way of security by movable property, the same shall be deposited in such manner as may be provided for in the variola, or with such authority as Our Government may appoint in this behalf:

Provided also, however that any portion of the security may be released during the continuance of the Chitty by, or with the written consent of, all the non-prized and unpaid prized subscribers."

This is substantially Section 15 of the present Act. In the new Bill, Section 17 provides for a compulsory security. Every foreman is asked to give security for twice its value to the satisfaction of the Registrar before the first drawing of the chitty. No option is given to the subscribers to have a say in the matter. It is a compulsory provision on the foreman to give security twice the amount to the satisfaction of the Registrar. On the other hand, the amendment I have moved gives the option for the subscribers to say whether they want security or not; if they want the security to fix it twice the amount and if they do not want it to allow the foreman to start the chitty without it. The principle on which I move the amendment is: I consider the chitty to be a co-operative effort, and being a co-operative effort, it is open to the members thereof to group themselves together on personal credit and carry on the business to their mutual benefit. The common charge is that every foreman has a propensity to defraud the subscribers. To prevent that, in Clause 19, which I propose to move, I have provided that every pie that goes to the foreman should be invested in an approved bank and he will be entitled to draw it only for the purposes of paying the dues of the subscribers. So in that view, it will be a trust property. Two conceptions of chitty are possible namely, that it is a co-operative effort as well as a trust. If it is a trust, the manager of the trust should not misuse the money. That must be provided for. If it is a co-operative effort, you must give

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opportunity for the members thereof to form themselves into a business group on personal credit. That must be allowed. If it is a trust, and when we provide for the investment of every pie paid by the subscriber in an approved bank and further provide also that money could be drawn only for the purposes of paying the dues that arise out of the chitty transaction and provide a penalty too, we can safely avoid the contingency of defrauding the subscribers by the foreman. If we are going to legislate on that basis, we must certainly allow the foreman and the subscribers to group themselves together on a co-operative effort without restriction. To view the whole thing as a pure banking concern and to legislate on the measure on that basis, appears to me to be rather very hard and wrong. The approach is from a wrong angle. Chitty was an indigenous banking effort in the west coast. It was a mutual benifit society as well. That has more or less been modified and the scheme of chitties at present is based on that with suitable modifications to meet the peculiar circumstances existing now. But at the same time, it has the elements of co-operative effort and personal credit in it. Later on, through efflux of time, corruption or a tendency of the foremen to defraud the subscribers came into being and consequently a number of litigation arose and fluctuating decisions thereon have come into existence. Therefore, legislation became necessary to safeguard the interests of the general public. But let us not forget the principles on which the institution came into existence. This institution came into existence on the basis of co-operative effort and mutual benifit and later on developed into a trust. Therefore I have framed two new clauses for the Bill—one by which the members are given the option to group themselves in a co-operative effort on personal credit and carry on the business and in the second, prohibiting any misuse of funds and compelling the foreman to deposit and hold it in trust. The freedom and sanctity of contract should not be lightly interfered with. A form of credit, indigenous to the country should not be lightly tampered with. Chitties have a definite place in the economic life of the country. Legislation should not dis-locate it. We must give scope for chitties to function freely and prevent fraud in its conduct. The provisions I propose must satisfy the necessities of the case and I hope the House will consider the matter in a free spirit forgetting the present committee's report and the provisions drafted therein, which no doubt were done with very great care and efficiency. But in view to the principles underlying this transaction I would honestly invite the attention of the House to consider the clauses 17 and 19 as drafted by me and as it stands in the Bill introduced and to discuss them in all its aspects so that a great benefit may accrue to the people of the country and that we may not do away with the system that is in existence so long in this country.

MR. N. RAMAKRISHNA PILLAI: May I know from the Honourable Member whether this amendment is a corollary to the next amendment that has been proposed under clause 19?

MR. P. S. NATARAJA PILLAI: They two go together.

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MR. S. SANKARANARAYANAN TAMPI: I support the amendment moved by Mr. P. S. Nataraja Pillai. It has amply been justified. The amendment moved by Mr. P. S. Nataraja Pillai has been very clearly substantiated by him in the speech which he delivered in moving the amendment. If the position that there are the incidence of a trust in a chitty transaction, then my humble submission is that it will be outrageous to interfere with the freedom of each individual to place confidence on the personal credit of another individual. What is intended to be achieved by the introduction of this Section in the Bill is to prevent fraud being practiced upon the subscribers by the foremen. Let us examine that provision and find out whether this provision as it stands will serve the purpose of preventing fraud being practised upon the subscribers by the foremen. The provision, as it now stands in the Bill, is to the effect that the Chitty foremen shall furnish as security to the satisfaction of the Registrar an amount equal to twice the chitty amount. Suppose a man starts a chitty with a chitty amount of Rs. 100 and there are 25 drawings. What he need furnish is only security to the extent of Rs. 200. Each foreman can, if he so wants, incur a liability from the conduct of the chitty an amount to the extent of Rs. 2,500. Will the furnishing of security to the extent of Rs. 200 prevent fraud being practised upon the subscribers? It may be answered that there is a provision in the Bill to the effect that if the prize-money is not paid over to the subscriber the same will have to be deposited in one of the approved banks. It is good. Apparently it may seem as a provision for checking fraud but when it comes to a question of actual working those people who are bent upon practising fraud can do it as effectively as they are able to do with this provision in the Statute Book. For example a subscriber bids a chitty. The particular subscriber and the foreman can collude and the security that may be furnished for paying the price amount, as it is described in the provision of the Statute, should be made by the prized subscriber only to the satisfaction of the foreman.

MR. PULIYOOR T. P. VELAYUDHAN PILLAI: Is there any provision that it should be accepted by the Registrar or the authority appointed by the Government?

MR. S. SANKARANARAYANAN TAMPI: Of course there is a provision that it must be accepted by the Registrar also. But my humble submission is that it is a practical impossibility for the Registrar alone to look into the sufficiency of the security of the subscribers who furnishes security. Again, it may take a very long time for the Registrar to enter into the sufficiency of the security or solvency of the prized subscriber and decide whether the security is sufficient or not and often he being a man who has a large volume of work to discharge, his decision in these matters may often go wrong for want of attention, and that again will lead to difficulties and afford scope of fraud.

MR. PULIYOOR T. P. VELAYUDHAN PILLAI: May I know, on the analogy cited by the honourable member, how it is possible in the provisions suggested for the foreman to misappropriate Rs. 2,500?

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May I know also whether the honourable member is aware that there is another provision in the Bill that if the previous prize-money is not either deposited or given to the prized subscriber, the chitty will be terminated automatically ?

MR. S. SANKARANARAYANAN TAMPI : I am perfectly aware of the provision in the Bill. If the honourable member has understood me correctly, this doubt on his part would not have arisen. I have already answered in my earlier remarks to the question which he now asks. What I said was that the foreman could collude with the subscriber in paying off the money to a prized subscriber and thereby defeat the interest of the subscribers. What is provided for in the Bill is that either the foreman should deposit the money in an approved bank or should pay off the prized subscriber.

MR. K. MADHAVA KURUP : There is provision under clause 43 for the inspection of the document and in clause 48 (5) for winding up if there is a collusion between the foreman and the prized subscriber.

MR. S. SANKARANARAYANAN TAMPI : Yes, Sir, There is; still it is possible for the foreman to give out prize-money on a shaky security. So long as the foreman has the option to give prize-money to prized subscribers on his own initiative and individual discretion, even that does not prevent fraud being practiced on the subscriber. If the object of the Legislature in inserting this provision is to safeguard against fraud, this provision does not serve the purpose.

Then, what is it that can prevent such kinds of fraud being practised upon the subscribers ? It is there that the question of amending clause 19 comes. The amendment to clause 19 is sought to serve the purpose of checking fraud in an effective way. No chitty foreman can keep in his hands any money which he has collected from the subscriber as Chitty fund. Within a certain period of the collection of the money he has to deposit it in an approved bank and account at the next meeting of the subscribers for the amount that has been collected. That is the only way in which fraud, if it is practised, could be prevented. Clause 17, read along with the amendment to Clause 19, will effectively serve the purpose. Otherwise all this noise about fraud being practised by the foreman on the subscribers and the suffering of the subscribers as a consequence is absolutely meaningless.

The other aspect that comes to my mind is that of option. There is the trustee on the one hand and the beneficiaries on the other. If the beneficiaries are not given option to waive their claim, it is outrageous.

With these observations I strongly support the amendment.

MR. C. K. SANKARA PILLAI : Supposing the foreman who conducts the chitty is a person in whom the subscribers have full faith, and the time of the chitty runs for twelve years, it may so happen that the foreman dies in the middle. Then on whom are the subscribers to place their trust and confidence ? Is there any provision if the existing provision is removed ?

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MR. S. SANKARANARAYANAN TAMPI: Of course, if the honourable member had taken care to understand the observations I made at the proper time, he would not have put this question. I said that Clause 17 had to be read along with Clause 19. There is absolutely no scope for the trust money to be misappropriated. It can go on even without any security being furnished.

MR. V. SRIDHARAN PILLAI: I oppose the amendment. This proviso to Clause 19 clearly shows that if no security is given by a foreman of a chitty, there is no provision to recover any amount misappropriated by him especially when he does not possess any movable or immovable property. This is a speculative business. The foreman conducts the chitty as a speculative business and unless sufficient check is placed on that speculation,he is likely to misappropriate money. A man who is dealing with public money must necessarily be placed in a position to give security to whatever amount which he appropriates or which happens in the course of a few years to be recovered from him in some way or other. Suppose he dies suddenly and there is no property in his name, however guarded he might have been during his lifetime, the subscribers may not be able to recover the amount which he had at the time of his death. So, in the interests of the subscribers and the Chitty Regulations also clear in the matter, he can retain a certain amount up to the value of the chitty. If it is Rs. 10,000, he can retain that subscription up to Rs. 10,000 till the next drawing. He should deposit the amounts before the next drawing. So he can keep the amount of the chitty during those periods. Especially if there is no provision to recover that money and there is no safety, a man who deals with money should necessarily give security for the safety of the other subscribers. I therefore oppose the amendment.

MR. JOSEPH VITHAYATHIL: Sir, I oppose the amendment. The question was dicussed by the honourable mover of the amendment on first principles. He said that as the chitty is a co-operative concern, it is not necessary for the Legislature to interfere with freedom of contract. In the first place, I must say that there is not only an element of co-operation and mutual trust in a Chitty Scheme but also an element of contract and of banking. A chitty cannot be said to be merely one of co-operation and trust. If we are sinners in this respect. I must say that this Legislature has sinned grievously in this respect from very early times. We have sinned as early as 1094, and now it is impossible to retrace our steps. The question is whether it is necessary for the Legislature in the interests of the public to curtail this freedom of contract. That question will have to be answered in the light of the experience we have gained on the working of the Chitty Act. It is well known that a large amount of fraud is being practised by the foremen in the matter of furnishing of security. When a property is extensive but useless it is a common saying among people that it is fit only for being furnished as security for a chitty by the foreman. At the beginning of the chitty, it is not possible for the subscribers who live in different places and who do not know the encumbrances on the

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property or the real value of it to know whether the security is sufficient or not. So it is necessary, in my opinion that we should interfere in the matter, as we thought it necessary to interfere even in 1094, and see that the foreman is made to furnish good security even if the subscribers agree that no security is necessary. We thought it necessary to take away the freedom of contract between the foreman and the subscribers, in this matter because it is a matter in which the general public are interested. We have found it necessary in the matter of insurance companies that apart from the question of contract between the parties, insurance companies should furnish cash security for starting insurance business. Why is it so? Is an insurance concern a case of co-operation? Is it not a case of trust? Then, why is the Legislature interfering with the freedom of contract of individuals? It does so because it is a matter which affects the public generally. Thus, in this matter, also, we have thought it necessary that some sort of control is essential in regard to the furnishing of security by the foreman. We should not leave it entirely to the subscribers and the foremen. Very often, the subscribers are deluded. The foreman makes representations to them. With regard to the nature of the security, they act on those representations without an opportunity to verify the same. Therefore, it is necessary that there should be some sort of controlling body for this purpose. The committee discussed the questions as to who should be this controlling body, whether it should be a committee of the subscribers themselves or an independent person. We were of opinion that if it should be a committee of the subscribers there would be practical difficulty in constituting such a committee at the initial stage. The subscribers may not be able to come together and appoint a committee to enquire into the sufficiency of the security? In fact the subscribers are usually influenced by the foremen to join the chitty. Therefore we thought it necessary that the questions of sufficiency of the security should be left to the discretion of an officer to be appointed by the Government for the purpose or of the Chitty Registrar who will be the most competent person to enquire into the matter. That there should be some security cannot be seriously denied. Very often we find that even well-meaning foremen become unable to conduct the chitties. The financial conditions change, and the foreman himself may die. Cases of fraud practised by the foremen are not unusual. Therefore there should be some sort of security. It was argued that the security that the foreman is compelled to furnish would not be sufficient to prevent the practice of fraud. But some security is better than no security at all. There will be sum stake for the foreman and something for the subscribers to fall back upon. As far as possible we should not interfere with the conduct of the chitty. But when it is absolutly necessary for us to interfere in the interests of the public on should not hesitate to do so. The place of freedom of contract cannot deter us from acting in the interests of the general public. It is for these reasons that we have made the furnishing of security compulsory. We also thought that

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[Mr. Joseph Vithayathil.]

the best means of ensuring the sufficiency of the security would be to have it determined by an officer to be specially appointed by the Government or by the Chitty Registrar. From the experience we have gained from the working of the Chitties Act, it is found absolutely necessary that there should be no freedom of contract between the foreman and subscribers with regard to the furnishing of security. That is the opinion of the majority of persons to whom we had sent questionnaires. I do not think that this provision will in any way interfere with the smooth working of the Act. If honest people want to conduct Chitties this provision will not prevent them from doing so. Why should one who is not able to furnish security start a chitty at all? With regard to cash security there will be some difficulty. The foreman will lose a good amount by way of interest. If deposits are made in approved banks only a very low rate of interest can be obtained by the foreman on such deposits. Therefore there will be no incentive for people to conduct chitties. For this reason we thought it necessary to allow the foreman to furnish immovable property security.

Then it was stated that clause 19 properly amended will be sufficient to prevent the practice of fraud and that therefore it is not necessary to make security compulsory. We have made it obligatory on the part of the foreman to deposit the chitty amount in an approved bank if it is not paid to the subscriber within the next instalment.

So far as the proposed amendment to clause 19 is concerned there is no time limit fixed for the deposit of the amount and we are asked to punish the foreman without fixing a time limit. If the foreman is to deposit the amount he must be asked to do it within a particular time. Then only he can be punished for default. That is the reason why we have made it compulsory that the foreman should deposit the money within the next instalment of the chitty. The proposed amendment will only make the clause unworkable. In other respects there will be no material change in Clause 19. I do not therefore think that that argument holds good. For these reasons I am of opinion that the Clause should stand as it is.

MR. T. K. NARAYANA PILLAI: I wish to add a few words on the motion now before the House.

As a member of the Select Committee, I may be permitted to explain the reasons why we accepted this resolution unanimously. I was examined by the original Chitty Committee which sent a series of questions to me. I suggested drastic provisions so that the foremen may not be in a position to defraud the subscribers. My experience as a lawyer both on the original side as well as on the appellate side for about two decades, has convinced me that if relief is wanted in any matter it is in this respect, that foremen should not have a free hand to handle the subscribers' money and there must be sufficient safeguards so that ultimately there will be something at least for the

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subscribers to get distributed among themselves. After all why is it that an Amendment of the Chitties Act is necessary? The amendment is necessary because the working of the chitties in this state is unsatisfactory in several respects and one of the points in which they are unsatisfactory is that there are not provisions stringent enough to curtail the freedom of the foremen. In the first place the foremen do not furnish sufficient security for the future subscribers. In the second place, they do not keep proper accounts and it is in these matters that in the practical working of the Act, difficulties are felt both by the subscribers and by laws who have to deal with these matters. As a matter of fact the injuries done by foremen are enormous. In some cases, they are impecunious. In some cases men who are foremost in the country parts but who are really are impecunious manage to get subscribers, who fall a prey to their influence and join such chitties so that they may not incur the displeasure of such important men. The Chitty Variola is so worded that the foreman need not furnish any security. The foreman so manages to frame the variola that the subscribers assent that the man is of sufficient worth and that he need not provide any security, but ultimately the subscribers find themselves defeated. In order to avoid, this some safeguard is absolutely necessary and I suggested more stringent measures but the Chitty Committee accepted only this much.

And now Mr. Nataraja Pillai, for whose opinion I have the greatest respect, has put forward this suggestion, that the freedom of the contract will be curtailed. For that matter, the Act 1094 has curtailed the freedom of contract. And in the world to come, there will be little freedom of contract. The country which probably stands foremost in the matter of civilisation will be that where there will be but little freedom of contract. I am sure in the world to come we need not expect much freedom of contract, for the State is going to be omnipotent in the world, so much so the individual will be reduced to nothing. That being the case, we need not argue much on the point of freedom of contract. But the question is, is it in the interests of our people that the freedom of contract is curtailed to the extent that is provided in Section 17. That is the main question. What is it that Section 17 provides? There must be security furnished to the extent of twice the chitty amount. In the absence of that, a sum equal to the chitty amount must be deposited in an approved bank, half at one stage and the remaining half after the chitty amounts have been collected. It is open to the foreman to accept one provision or the other. Suppose the foreman is not in a sufficiently solvent condition with adequate immovable property to be furnished as security he can resort to the second provision. He can somehow manage to get 50 per cent and put it into the bank. Then he must collect subscriptions and put the remaining 50 per cent also in the bank.

MR. S. SANKARANARAYANAN TAMPI: May I know from the honourable member how he thinks that the Chitty foreman who has no money can somehow manage to make that money?

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MR. T. K. NARAYANA PILLAI: That is the question. Suppose there is one impecunious man absolutely with no cash. Why should he in the world start chitties? Why should he bother about this troublesome, speculative concern? I for one cannot find any reason why such a man should go about collecting moneys and start chitties when he has no immovable properties of his own. I have no sympathies with a capitalist system, but in a workaday world should we not see that a foreman must have capital enough to pay his subscribers when the time comes? That being the case, it is not desirable to give power into the hands of those who will not be able to meet their obligations later on when the prize is drawn. That is why we recommended that either one of those things must be enforced. Either he must be a man of sufficient immovable properties, failing that he must be prepared to do the second thing, i. e., pay 50 per cent in the beginning and raise the remaining 50 per cent later on. If that is not done, what is the object of this legislation? What is the object of this Amendment? This Amendment and the Chitties Regulation of 1094 aims at one object namely that the subscribers must be sufficiently safeguarded. No doubt the chitty transaction had their origin in Kerala and these transactions indicate the genius of our people of the country west of the Ghats. There can be no doubt that it is not desirable to curtail the growth of this institution. But the important point is not that. They must grow, and in order that they must grow, the State must legislate. And the question is that they must grow to a greater extent. For this purpose there must be adequate safeguards. These safeguards should not be a sham. I may submit from my experience what all difficulties have arisen out of there being no satisfactory provision in order to secure the future subscribers. In my place one foreman has been actually shot dead. He started a chitty with a number of subscribers. A few of these subscribers were his own relatives. They bid chitties and drew money. All that was provided in the Variola was that the foreman was a sufficiently rich man so that he need not furnish any security. As the chitty went on, his relatives drew the money and as prize foreman also drew chitty moneys. Ultimately subscriber after subscriber came. He could not pay. One man grew desperate and shot him dead. Similar instances have arisen in various parts of the country. If there should be any safeguard, it should be this. No man who is not sufficiently solvent, should start these speculative concerns. Therefore this provision has been made. We discussed this in the Select Committee for a sufficiently long time. I was of the view that Section 17 as it now stands was not sufficient. But in order to satisfy the other members, I yielded. In my humble opinion there is no point in this amendment.

The question that amendment No. 19 by Mr. P. S. Nataraja Pillai that Clause 17 should be amended was put and lost.

Clause 17 stands part of the Bill.
Clause 18 stands part of the Bill.
Clause 19 stands part of the Bill.
Clauses 20 to 26 stands part of the Bill.
Clauses 27, 28 and 29 stands part of the Bill.

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Clause 30.

MR. V. SREEDHARAN PILLAI: Sir, I move the following amendment:—

> Add in continuation of Clause 30 "on demand in writing by the foreman" and if the foreman is the prized subscriber he shall give security for the payment of future subscriptions to the satisfaction of the Registrar".

I move the amendment mainly on two grounds. The original Bill contained the provision that security should be furnished to the foreman only on demand in writing by the Court. The Select Committee, probably on mature consideration, deleted that portion of the Clause. My opinion is that the security given to the foremen need be only when it has been demanded by the Court. I endorse the opinion of Mr. T. K. Narayana Pillai that fraud is most done by the foremen and from my own experience also there is nothing to show that the subscribers have committed fraud on the foremen. It is the subscribers who have to be protected more than the foremen themselves. But at the same time, facilities should be given to foremen to continue these speculative business of conducting chitties. Chitties as a rule, have been conducted by the foremen mostly for their pecuniary benefit and the subscribers, except to the extent, that they get a lump amount, are not at all benefitted by them. But at the same time I do not want to place difficulties in the way of foremen conducting chitties. It is with that purpose that I have stated that the security should be paid only on demand by writing of the foreman. The security contemplated in Clause 30 is security of all descriptions, moveable or immoveable property. Certainly it cannot be personal security. So the fact that it is made compulsory by legislation itself and as such there need not be any point in the foremen to contend. But that creates a lot of difficulties in the matter of conducting chitties by the foremen, especially when the subscriber has no immoveable property. For instance an officer drawing Rs. 300 or 500 who has no property in his name, under this rule is prohibited from subscribing to the chitty. Clause 30 makes it compulsory on the part of the foremen to accept security from all petty subscribers. No option is given to the foremen to give the amount to the prized subscriber without such security. However rich one may be with liquid cash, and however prompt in his payments, he cannot be a prized subscriber and prize his ticket in the chitty. Such a provision will create a great inconvenience to the foreman in conducting chitties. I want to avoid that. At the same time there is another difficulty. If the foreman is convinced that the subscriber is a rich man and that he will be able to pay his subscriptions promptly, why should legislation compel such a subscriber to pay a security.....

PRESIDENT: Security does not always mean security of immoveable property.

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MR. V. SREEDHARAN PILLAI: It is not defined here. That is why I am in the doubt whether it is personal security or not.

MR. N. RAMAKRISHNA PILLAI: Is it not in the interests of a non-prized subscriber?

MR. V. SREEDHARAN PILLAI: Of course, the non-prized subscribers should be clearly protected. But it is for this purpose that a man because he speculates and receives money is asked to deposit the amount so that if he commits fraud that amount is indemnified. There is the security by the foreman and thereby the non-prized subscriber is protected by his own personal security laid by the State. When the foreman is asked to deposit sufficient money.....

MR. PULIYOOR T. P. VELAYUDHAN PILLAI: The honourable member suggested that the non-prized subscriber need not execute a bond. How then is the payment arising to be financed?

MR. V. SREEDHARAN PILLAI: By a provision that the amount may be paid and the receipt therefor be obtained. What more is there? The amount should be paid to the subscriber, a receipt should be obtained by the foreman and the document should be inspected.....

PRESIDENT: Whom is the honourable member endeavouring to protect?

MR. V. SREEDHARAN PILLAI: Sir, I want to protect both the subscribers and the foreman and see that the chitty is properly conducted. My purpose is to provide an effective check on the fraud that is likely to be played by a foreman. All the same, I do not want any legislation to prevent a foreman from pursuing this speculative business of conducting chitties. My submission is that a foreman should give security for all that he receives from subscribers which will be a source of safety to their interests and therefore I am for affording facilities to the speculative business of the foreman by means of legislation.

MR. PULIYOOR T. P. VELAYUDHAN PILLAI: Sir, on a point of order. We have already passed clause 19 of the bill, but we are now at Section 30 of the bill. When once we have already accepted the proposition contained in this section, I draw the attention of the Chair to the inaptness of the provision now before the House.

PRESIDENT: I think under clause 19 of the Bill, a prized subscriber has to furnish sufficient security. Therefore the fact of his being called upon to furnish security again under clause 30 does not really arise. Hence I rule that that portion of the amendment is out of order.

MR. V. SREEDHARAN PILLAI: I accept it Sir. But there is another part to the amendment namely, if the foreman is the prized subscriber he shall give security for the payment of future subscriptions to the satisfaction of the Registrar.

Sir, there is no provision in the Act to the effect that the foreman who may be a prized subscriber should give security to the satisfaction of the Registrar or to any subscribers or the foreman himself. When the foreman becomes a prized subscriber to whose satisfaction should

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he give the security is an important question to be considered. There is no use of saying that the foreman who is the prized subscriber himself giving the security to his own satisfaction. Hence my amendment.

MR. JOSEPH VITHAYATHIL: Sir, so far as the prized subscriber is concerned the bill does not make any distinction between foreman subscriber and other subscribers.

> "If the foreman has appropriated prize amount in his capacity as a subscriber without furnishing sufficient security for future subscriptions."

That will be one of the reasons for which the chitty can be wound up under sub-clause (6) of clause 48. It is clear, that the foreman is bound to furnish security just like any other prized subscriber. As to the determination of the sufficiency of the security —

MR. V. SREEDHARAN PILLAI: May I know, when the foreman himself is the prized subscriber to whose satisfaction is he to give security. Is it in his own name?

MR. JOSEPH VITHAYATHIL: Just as in the case of the security furnished by foreman at the starting of the chitty which is in favour of the subscribers generally, he should furnish security in their favour when he is the prized subscriber. The sufficiency of security is primarily the concern of the foreman. But if he practises fraud in this matter the chitty can be wound up.

MR. V. SREEDHARAN PILLAI: May I know who should be satisfied as to the sufficiency of his security under this clause?

MR. JOSEPH VITHAYATHIL: In the case of other non-prized subscribers there is nobody to consider the sufficiency of the security except the foreman. In the case of the foreman subscribers all the other subscribers and the chitty Registrar can enquire into the sufficiency of the security.

MR. V. SREEDHARAN PILLAI: May I ask, whether there is anybody to decide that aspect until a chitty comes to the liquidation stage?

MR. JOSEPH VITHAYATHIL: There are provisions in the Act for non-prized subscribers to inspect the chitty bonds executed by prized-subscribers and foreman also those furnished by the subscriber. Thus the sufficiency of the security can be scrutinised by them at any time.

MR. K. K. CHELLAPPAN PILLAI: Sir, I oppose the amendment moved by my friend Mr. V. S. Pillai. This aspect of the matter has been sufficiently dealt with by the Select Committee. It has been stated that among the subscribers, the foreman is also included, whether prized or non-prized. There is also the fact that the foreman has to subscribe for chitty shares in, the absence of subscribers and thus put himself in their shoes. When he does not obtain subscribers, to do so he has to bid chitties as well. In all these transactions there is the raising of security. When such are the conditions to be fulfilled by him, to make him find further security towards future subscriptions is too heavy a burden for him to bear. Hence I oppose the amendment.

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MR. PULIYOOR T. P. VELAYUDHAN PILLAI: Sir, I support the latter portion of the amendment. It is a sound proposition according to me because, as lawyers we have come across with chitties in which a foreman has taken 4 or 5 tickets in his name. Whenever these tickets are prized by him it is necessary that he in the capacity of a prized subscriber should execute security bonds. My submission is that when such tickets are prized by the foreman in the capacity of a subscriber it is absolutely necessary that he should execute sufficient security bonds to the satisfaction of the Registrar of chitties. Hence this is an amendment which has to be accepted by this House.

MR. T. K. NARAYANA PILLAI: Sir, though I was a member of the Select Committee on this bill, this aspect of the matter escaped our notice. There is no reason why this amendment should not be accepted. I agree with the amendment.

MR. N. RAMAKRISHNA PILLAI: I shall accept the amendment for the reason suggested by the house.

The question that clause (30) as amended form part of the bill was put and carried.

The clause was added to the bill.

The question that clause (31) form part of the bill was put and carried.

The clause was added to the bill.

The question that clause (32) form part of the bill was put and carried.

The clause was added to the bill.

The question that clause (33) form part of the bill was put and carried.

The clause was added to the bill.

Clause 34.

MR. V. SREEDHARAN PILLAI: I move in clause 34, omit the words "filed with the foreman" and substitute the words "with the consent of the foreman in writing". My reasons are these. This clause makes it compulsory on the part of foreman to accept and recognise an assignment made by a subscriber. That is rather hard. According to the definition of a chitty, it is an agreement between foreman and subscribers and the foreman chooses his own subscribers. If the persons are prompt and respectable, they are chosen as subscribers. But so long as a subscriber is a respectable person and continues payment, he is recognised by a foreman. In the case of co-operative concern or trusts, difficulty is experienced. Subscribers have no right to choose their foreman. There is no statutory provision for electing their own chairman except at the time of winding up proceedings. What I am concerned with is this namely, that this clause compels a foreman to accept a rich fellow as a subscriber knowing full well that he is a cantankerous man much to his dislike. A foreman should not be reduced to such a position so far as the conduct of the chitty is concerned.

MR. SANKARANARAYANAN TAMPI: The next clause, I mean clause 35, definitely states that "Every transfer under Section 34 shall be recognised by the foreman unless

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(1) the transferee is not solvent ; or

(2) the transfer was effected with a view to defeat the provisions of any law".

In view of this clause, why should he move this?

MR. V. SREEDHARAN PILLAI: Yes: I want that to be entirely deleted from this, because by getting the consent of the foreman all the troubles are avoided.

I can grant that a man is solvent, but he may be a rogue in the matter of prompt payment ; and I need not take him as a subscriber to my chitty. Why should the statute now compel me to take him as a subscriber? Why should I recognise a rogue as my subscriber? The consent of the foreman is also required under the Chitty Act to enrol him as a subscriber. Hence my argument that I should not be compelled to include any person as a subscriber without my consent in writing. Suppose a subscriber assigns his right to a solvent man : that solvent man goes to say that I should recognise him. He may be a cantankerous man who would drive me to difficulties. This provision compels me to recognise him when he is solvent. He can go to the court and the foreman will be bound to take him as a subscriber.

MR. N. RAMAKRISHNA PILLAI: May I know what the existing law is as to transfer under which a non-prized subscriber transfers his rights without the consent of the foreman?

MR. V. SREEDHARAN PILLAI: Yes, he can do that now. But we are not concerned with that.

MR. N. RAMAKRISHNA PILLAI: Why? we are codifying existing law.

MR. V. SREEDHARAN PILLAI: Now the foreman has been made responsible to the subscribers. This blil makes him responsible for all the subscribers and compels him to accept a subscriber against his will. Previously he can choose his subscribers. There was no compulsion. This statute compels him to be responsible. He should deposit money. At the same time, one clause compels the foreman to accept the subscriber against his will, against the chitty rules and its fundamental provisions. How can he be compelled to accept a subscriber? A solvent man may come before the court and claim that he should be recognised. He may be cantankerous. My submission the refore is that the recognition should be only with the sanction of the foreman. Then only the definition also comes to effect. Without my giving assent I should not be asked to substitute somebody. I have taken a subscriber and my agreement is with him and a statutory compulsion to recognise a transfer of his rights to a man with whom I do not agree to have any transaction, is not right.

MR. N. RAMAKRISHNA PILLAI: What in regard to transfer by succession?

MR. V. SREEDHARAN PILLAI: It is entirely a different matter. I know who the heirs of a person are when I take a subscriber.

MR. N. RAMAKRISHNA PILLAI: The rights of the subscriber are attachable by a creditor?

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MR. V. SREEDHARAN PILLAI: That is thinking of an extreme case. By the time it will happen the chitty will also come to a termination.

MR. A. P. UDAYABHANU: Sir, I oppose the amendment.

From the trend of the argument of my honourable friend it would appear as if the chitty is the sole business of the foreman. While clause 35 gives sufficient safeguards for the chitty interest, there is no necessity for a drastic change in clause 34. The only outlook of the foreman is to see whether the man who steps into the shoes of the subscriber as a result of the transfer is a solvent person who could carry on the chitty. This is sufficiently safeguarded by clause 35. There need not be such dictatorial rights for the foreman. He cannot choose as to who ought to be the transferee of the subscribers. It is absolutely curtailing the freedom of the subscribers.

With these words, I oppose the amendment.

MR. S. SANKARANARAYANAN TAMPI: Sir, I also oppose the amendment. As my friend Mr. Udaya Bhanu said, my honourable friend Mr. Sreedharan Pillai, coming as he does from the category of lawyers, it is unfortunate for him to have completely misunderstood the whole implication of the Chitty Law. For one thing, he thinks that the chitty is entirely the concern of the foreman where his personal prejudices, animosity and all such nonsense could be imported. That is a thing which one fails to understand. Then again, one of the reasons put forward by him is to the effect that a cantankerous fellow may step into the shoes of the non-paid subscriber and might try to frustrate the chitties. The financial stability of the chitty concern is completely safeguarded by clause 30 when it is definitely stated that no insolvent man can step into the shoes of the non-prized subscriber and get the rights of such subscriber assigned in his favour. There is provision preventing transfers in cases where the transfer is to defeat creditors. With these two provisions in Clause 35, this amendment, moved simply for the purpose of enabling the foreman to wreak vengeance upon his enemies, sounds something ridiculous and uncivilized.

Then again, there is another thing which requires consideration by this House. Ordinarily, in a *Variola* there is a general offer to the subscribers to come in and join as a subscriber. It is a sort of public offer by the foreman for people to come in. No mention is made in it of the foreman's enemies, or asking them to keep out. Leaving aside the personal animosities of the foreman the question to be considered is only the solvency. If one is solvent and economically sound he must be allowed to join as a subscriber. The amendment seems to frustrate the nature of the public offer of the *Variola*. Hence I oppose it.

MR. JOSEPH VITHAYATHIL: Sir, I oppose the amendment. The amendment affects the rights of a subscriber to transfer his rights in a chitty. If the amendment is accepted such rights will cease to be saleable or transferable properties. That is a very serious matter, and if there is such a provision in the Act very few people will be prepared to join a chitty. Sometimes the subscribers may not be able to continue to pay the subscriptions in the chitty and if under those circumstances they want to transfer or assign their rights why should they be prohibited from doing so? The amendment seeks to curtail this right

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of the subscribers. If the amendment is accepted the subscriber's right in a chitty will cease to have any value at all. This I repeat is a very serious matter and I believe that on reconsideration the Honourable member will withdraw the amendment. There is already sufficient safeguard for the foreman in the subsequent clause. But to say that the right of the subscriber in a chitty cannot be transferred without the consent of the foreman is to make the subscriber entirely at the mercy of the foreman. He may very unjustly refuse to give his consent to the transfer and the subscriber will be absolutely helpless in the matter. This will be placing the subscriber in a very disadvantageous position. Then there may be cases of involuntary transfer—transfers over which the subscriber will have no control. In my view of the matter I do not think that the amendment is acceptable and I oppose the same.

MR. N. RAMAKRISHNA PILLAI : Sir, I oppose the amendment. The right of the subscriber under a chitty is a very substantial right. Under the existing law this right is assignable. It goes by succession to the heirs of the subscriber for imposing a restriction on the transferability of this right, there must be sufficient reason. It is stated that for the protection of the foreman it is absolutely necessary to impose a restriction on the free transfer of the subscriber's rights. There are very many safeguards in the bill itself for the protection of the foreman. Further, in Clause 35 of the bill it is provided that the transfer should not be made to an insolvent. That is also the existing law. The right of a non-prized subscriber being a very substantial right, to impose a restriction on the assignment of that right, I submit, would be a very serious one and would not only considerably impair his rights as a subscriber but would alsomake the conduct of chitties almost impossible. The Honourable Member as Mr. Vithayathil has stated the right becomes absolutely useless. I therefore submit that the amendment should not be accepted.

MR. V. SREEDHARAN PILLAI : Sir, I do not claim as much common sense as my friend Mr. Sankaranarayanan Tampi, but at the same time I have common sense enough to use no unrestricted language in the Assembly. I think my Honourable friend does not realise the significance of the extremely unrestricted language he had used. I do not propose to indulge in that any more.

Coming to my amendment, I have to support my position because it fundamentally affects the very definition of the chitty itself. The definition says "A chitty means a transaction by which one or more persons hereinafter called the foreman or foremen enter into an agreement with a number of persons....." The object of the agreement is frustrated if this is done without the consent of the foreman. That is why I wanted this amendment to come in. The word "Agreement" becomes meaningless if that transfer is allowed without consent. He does not consent to the transfer, but at the same time the chitty is called an agreement between the foreman and subscribers. In such a case, where is the agreement?

MR. N. RAMAKRISHNA PILLAI : May I know what the law is with regard to the assignment of a right under a contract?

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MR. V. SREEDHARAN PILLAI: That is why I have stated that the agreement between the two will continue as such if the assignment is recognised with his consent. So long as it is recognised without the consent of the foreman the definition of a chitty to some extent will carry a meaning which it ought not to carry.

The question that in Clause 34 the words "filed with the foreman" shall be omitted and instead the words "with the consent of the foreman in writing" substituted, was put to vote and lost.

Clause 34 of the bill was put to vote and carried.

Clause 34 was added to the bill.

Clause 35.

MR. V. SREEDHARAN PILLAI: Sir, I press this amendment to omit Clause 35.

The question whether Clause 35 stands part of the bill was put to vote and lost.

Clause 35 was added to the bill.

Clause 36.

The question whether Clause 36 stands part of the bill was put to vote and carried.

Clause 37.

MR. K. G. KESAVAN NAIR: Sir, I do not move the amendment in my name.

The question whether Clause 37 stands part of the bill was put to vote and carried.

Clause 37 was added to the bill.

Clause 38.

MR. S. THIRAVIAM NADAR: Sir, I move the following:—

In Clause 38 line 3, after "may be" and before "in the absence of" insert "may" for "shall".

My object in bringing in this amendment is this. I fear that the legal representative of the Foreman may be compelled to continue an agreement created between the subscriber and the Foreman. On principle such a compulsion cannot be placed on the legal representative or the guardian of the Foreman.

MR. JOSEPH VITHAYATHIL; Sir, I support it.

MR. PULIYOOR T. P. VELAYUDHAN PILLAI: Sir, it has not been seconded.

PRESIDENT: Order, order. Any body seconding it?

The motion fell through for want of seconding.

MR. K. G. KESAVAN NAIR: Sir, I move the following:—

In clause 38 Sub-clause 2 line 9 after the word "take" add the word "the". Sir, this is a necessary amendment.

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MR. N. RAMAKRISHNA PILLAI : Yes, it is only a printer's mistake. The question that in clause 38, sub-clause 2 line 3 after the word "take" add the word "the" was put to vote and carried.

Clauses 38 to 43 were added to the Bill.

Clause 44.

MR. V. SRIDHARAN PILLAI: Sir, I move that in Clause 44 sub-clause (2) the words "it shall be presumed that the record, if produced, would be unfavourable to him" may be omitted and the words "he shall be liable to a fine not exceeding Rs. 100" substituted.

The reasons for moving such an amendment may be stated thus: My experience in the bar shows me that unless such a provision is introduced the general presumption in the Evidence Act, that a person who is in possession of certain records if refuses to produce it does so at the risk of leading the Court to presume that the records will go against him if produced, will be defeated. There is no necessity for bringing in a similar provision in this bill also. There is a general presumption in the Evidence Act and it is for us to see that he is not allowed to rebut the presumption. There should at the same time be some provision which should compel the foreman to produce the records before the Court. Invariably, the foreman will avoid production of the records before the Court. But the Court will presume that if the records are produced it will go against him. Against this presumption it sometimes happens that the foreman can produce other evidence and rebut the presumption itself. Under the Statute the foreman is expected to keep certain records. If they are not produced in Court that means he had disobeyed the law and infringed some of the provisions of this bill itself. It is therefore only reasonable that he should be penalised. There is no penal provision in this bill to compel him to produce these records which are expected of him under the Statute itself, so that the rebutal of the general principle in this bill may not hold good and may be ineffective. My experience in the bar shows that the foreman will never produce the records if they go against him and the presumption is very rarely used and established if there are other presumptions or evidences which go against him.

MR. PULIYOOR T. P. VELAYUDHAN PILLAI : May I know whether the Honourable member is aware that the consequence of the present provision is not whether whatever may be the reasons for the suppression of the necessary material evidence or for the non-production of the records, "it shall be presumed that the records if produced would be unfavourable to him."

MR. V. SRIDHARAN PILLAI : The words "it shall be presumed" means that the Court presumes it. But that does not help the Court.

PRESIDENT : How could the fine mend matters ?

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MR. V. SRIDHARAN PILLAI: If there is a penal provision, the foreman will not dare to suppress those records and will incur the consequence of losing a civil case rather than going in for a criminal case. There must therefore be a penal provision to compel him. The presumption as it is, is rebutable in the face of evidence to the contrary.

MR. S. SANKARANARAYANAN TAMPI: Sir, I oppose the motion in its present form. It has been interpreted that the clause as it exists creates a rebutable presumption. But the word "shall" definitely means that the presumption is irrebutable. From what the Honourable member seeks to bring out by the introduction of the amendment is to make the foreman produce the accounts and in case he does not produce it proceed criminally against him. What after all is the circumstance under which a foreman may be asked to produce the accounts? It is only when a subscriber has to enfore a civil right against a foreman that the Court orders for the production of the records. There is complete satisfaction so far as the subscriber is concerned when the Court presumes that if the records were produced they would go against this foreman. I would have understood the Honourable member if he had stated that in addition to that clause there shall be a fine not exceeding rupees one hundred imposed on the foreman. But that is not what is sought to be done. He wants to prevent the civil right of the subscriber, being effectively safeguarded.

MR. V. SRIDHARAN PILLAI: I have no objection in retaining that clause.

MR. S. SANKARANARAYANAN TAMPI: Of course, I don't agree to that. That penal clause is unnecessary. It is only in the exercise of the subscriber's civil right that these things come before a civil court. Where is the harm in not including a penal provision for that purpose? I oppose the amendment.

MR. JOSEPH VITHAYATHIL: Sir, there is another clause in the Bill which compels the foreman to keep certain statutory books and if the foreman does not keep those books he can be punished under clause 21. So far as Section 44 is concerned it relates only to the preservation of chitty records even after the termination of the chitty for a period of 12 years. To punish a foreman who does not keep all the records relating to the chitty for a period of twelve years after the termination of the chitty will be rather too hard. At the same time, we thought it necessary that there should be some sort of the obligation on the part of the foreman to preserve all the chitty records for a period of twelve years as it may be necessary that those records should be produced in a court of law. Therefore we thought it advisable to create an obligation on the part of the foreman to preserve these records for a period of twelve years after the termination of the chitty. Of course, there is the provision in the Evidence Act which says that if a man who is in possession of a particular document does not produce it, it will be presumed that the document if produced will go

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against him. It is for the purpose of implementing that provision of the Evidence Act that we have created obligation on the part of the foreman to preserve these records for a particular period. He should not be heard to say that he is not in possession of the records during that period and therefore the presumption that arises on the basis of the Evidence Act would arise in this case also. That is the object of the clause.

MR. N. RAMAKRISHNA PILLAI: Sir, I oppose the amendment. In the first place, it is only a rule of evidence as to whether a person asked to produce a document should produce it. For the failure to obey a rule of evidence it is strange that a punishment of the kind proposed should be imposed. Secondly the provision made in the Bill is similar to what is contained in the Evidence Act.

The question that in Clause 44, sub-clause (2) the words "It shall be presumed that the records if produced, would be unfavourable to him" shall be omitted and the words "He shall be liable to a fine not exceeding one hundred Rupees" substituted, was put to vote and lost.

The question that Clauses 44 to 47 stand part of the Bill was put to vote and carried.

Clauses 44 to 47 were added to the Bill.

MR. V. SRIDHARAN PILLAI: Sir, I beg to move that sub-clauses (5) and (6) in Clause 48 may be omitted and the words "if the foreman fails to give security under section 30" inserted as sub-clause (5).

There is an amendment in section 30 and there should be a corresponding provision in this. He gives money and does not give security as is directed under section 30 and there should be some provision corresponding to that in the winding up proceedings.

MR. N. RAMAKRISHNA PILLAI: Sir, it seems to be hard that it should be made the ground for winding up proceedings. I oppose.

The question that sub-clauses (5) and (6) in Clause 48 be omitted and the words "if the foreman fails to give security under section 30" inserted as sub-clause (5) was put to vote and lost.

Clauses 48 to 63 were passed and added to the Bill.

Clause 64.

The following amendments were not moved.

MR. S. THIRAVIAM NADAR:

"In clause 64, sub-clause (1) (*a*) omit "such fee not exceeding one rupee".

MR. K. G. KESAVAN NAIR:

"In Clause 64 (1) delete the entire sub-clause (*a*) and renumber the following sub-clause in accordance with this alteration.

MR. P. S. NATARAJA PILLAI:

"Delete para (*a*) of sub-clause (1) of Clause 64 and renumber paras (*b*) to (*f*) as paras (*a*) to (*e*).

Clauses 64 to 72 were passed and added to the Bill.

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Clause 73.

MR. N. RAMAKRISHNA PILLAI: Sir, in Clause 73, line 3, for the word "and" substitute the words brackets and figures "the Travancore Chitties (Amendment) Act (Act I of 1100) and".

RAJYASEVAPRAVINA G. PARAMESWARAN PILLAI: I second it.

The motion was put to vote and carried.

Clause 73 was put to vote and carried.

Clause 73 was added to the Bill.

MR. N. RAMAKRISANA PILLAI: Sir, I move that after the figures "11" in clause 1, the figures "20" may be added.

RAJYASEVAPRAVINA G. PARAMESWARAN PILLAI: I second it.

The motion was put to vote and carried.

Title and preamble:

The question that the title and preamble of the bill do stand part of the bill was put to vote and carried.

The title and preamble were added to the Bill.

MR. N. RAMAKRISHNA PILLAI: Sir, I beg to move that the Bill be passed.

The Bill was put to vote and carried.

THE TRAVANCORE TRADE BOARDS BILL.

MR. N. RAMAKRISHNA PILLAI: Sir, I beg to present the report of the Select Committee on the Travancore Trade Boards Bill and I move that the Bill be taken into consideration.

RAJYASEVAPRAVINA G. PARAMESWARAN PILLAI: I second it.

MR. K. C. KARUNAKARAN (*Nominated*): Sir, under standing order 41, page 34 of the Manual, I move that the Travancore Trade Boards Bill be recommitted to the Select Committee.

In doing so, I would like to bring to the attention of the House that this is a new piece of legislation in the whole of India. We have no similar legislation in any part of India to guide us. It is true that this has been introduced in the legislature and has been referred to a Select Committee.

The Select Committee has submitted its report and now it has come up for second reading. Studying this Bill carefully, both the representatives of the Labour and the Employer have come to the conclusion that by referring this question to a Select Committee again a good deal of improvements and of compromise can be effected with regard to it.

Sir, I would point out to the attention of the House that Clause (4) where many amendments have been put forward by various

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